

Message Text

LIMITED OFFICIAL USE

PAGE 01 TAIPEI 03694 230746Z
ACTION EA-09

INFO OCT-01 AS-01 ISO-00 XMB-02 EB-07 COME-00 TRSE-00
OMB-01 EPG-02 CIAE-00 INR-07 NSAE-00 DODE-00
OES-07 /037 W
-----053589 230749Z /21
P 230704Z JUN 77
FM AMEMBASSY TAIPEI
TO SECSTATE WASHDC PRIORITY 4009

LIMITED OFFICIAL USE TAIPEI 3694

DEPT PASS EXIMBANK

E.O. 11652: N/A
TAGS: BEXP, EFIN, TW
SUBJECT: CHINA GULF OIL COMPANY #2LUBE OIL PLANT

1. ECONCOUN RECEIVED FOLLOWING TELEX FROM BADGER COMPANY
JUNE 22: QUOTE THE BADGER COMPANY HAS RECEIVED A PRELIMINARY
COMMITMENT FROM THE U.S. EXIMBANK ON BEHALF OF CHINA GULF
OIL COMPANY FOR FINANCING OF THE CGOC NO. 2 LUBE PLANT.

HOWEVER, EXIMBANK HAS QUOTED AN INTEREST RATE OF EIGHT
AND FIVE-EIGHTS PERCENT (8 5/8 PCT) WHICH IS CONSIDERABLY
HIGHER THAN THE USUAL JAPANESE RATE. EXIMBANK HAS ADVISED
US VERBALLY THAT THEY WILL MEET THE JAPANESE OFFER, BUT
CANNOT GIVE US A LOWER RATE AT THIS TIME. WE ARE DEEPLY
CONCERNED THAT GROC WILL DECIDE IN FAVOR OF THE JAPANESE
ON THE BASIS OF THE PRELIMINARY COMMITMENT SINCE WE CANNOT
OBTAIN DIRECTLY A WRITTEN COMMITMENT OF EXIMBANK'S INTENT TO
NEGOTIATE.

AS A COMPROMISE, EXIMBANK AGREED THAT IF THEY RECEIVED
A TELEX FROM THE U.S. EMBASSY IN TAIWAN ADVISING THAT THE
ABOVE RATE WAS NONCOMPETITIVE AND ASKING EXIMBANK WHETHER
THEY WOULD CONSIDER NEGOTIATING THE RATE TO MEET THE
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 TAIPEI 03694 230746Z

JAPANESE LEVELS, EXIMBANK WOULD REPLY AFFIRMATIVELY TO THE
EMBASSY.

THIS WRITTEN REPLY COULD BE SHOWN TO CGOC AS COR-
ROBORATION OF BADGER'S OFFER TO CGOC.

AS YOU ARE WELL AWARE, BADGER IS FACING EXTREMELY
TOUGH COMPETITION FROM THREE JAPANESE CONTRACTORS. WE
ARE THE ONLY FOREIGN CONTRACTOR WITH A COMPANY IN TAIWAN,

AND HAVE ALREADY DEMONSTRATED OUR COMMITMENT TO TAIWAN ON A LONG TERM BASIS AS WELL AS OUR ABILITY TO BUILD A HIGH QUALITY SUCCESSFUL PLANT.

WE ARE HOPEFUL OF RECEIVING YOUR CONTINUED STRONG SUPPORT AND WE REQUEST THAT YOU TELEX U.S. EXIMBANK IMMEDIATELY AS DESCRIBED ABOVE. WE WOULD ALSO APPRECIATE ANY FURTHER EFFORTS YOU MAY MAKE TO CONVINCE CGOC AND/OR THE CHINESE AUTHORITIES TO BUY AMERICAN ON THIS MAJOR PROJECT. UNQUOTE

2. WHILE EMBASSY CANNOT STATE WITH ABSOLUTE CERTAINTY THAT JAPANESE FIRMS ARE QUOTING INTEREST RATE LOWER THAN EIGHT AND FIVE-EIGHTHS PERCENT REPORTEDLY OFFERED BY EXIMBANK, ECON COUN WAS INFORMED JUNE 23 BY SPOKESMAN FOR CHINESE PETROLEUM CORPORATION AND BY VICE MINISTER OF ECONOMIC AFFAIRS K. S. CHANG THAT THREE JAPANESE FIRMS INTERESTED IN THE PROJECT ARE QUOTING INTEREST RATE OF SEVEN AND ONE-HALF PERCENT. CHANG STATED THAT GROC WOULD LIKE TO SEE THE BADGER COMPANY OBTAIN THE CONTRACT SINCE U.S. COMPANY ENJOYS EXCELLENT REPUTATION IN ROC. HOWEVER, JAPANESE FIRMS ARE ALSO WELL QUALIFIED AND FINAL DECISION AS TO WHICH BID IS ACCEPTED WILL DEPEND ON FINANCING OFFERED. UNGER

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM INDUSTRY, INDUSTRIAL PLANTS, BANK LOANS
Control Number: n/a
Copy: SINGLE
Sent Date: 23-Jun-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977TAIPEI03694
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770224-0296
Format: TEL
From: TAIPEI
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770625/aaaaavsu.tel
Line Count: 84
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 1ef7ce77-c288-dd11-92da-001cc4696bcc
Office: ACTION EA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 03-Jan-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2052878
Secure: OPEN
Status: NATIVE
Subject: CHINA GULF OIL COMPANY #2LUBE OIL PLANT
TAGS: BEXP, EFIN, ENRG, TW, CHINA GULF OIL CO
To: STATE
Type: TE
vdkgvwkey: odhc://SAS/SAS.dbo.SAS_Docs/1ef7ce77-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009